



# Fintech to Enable Development, Investment, Financial Inclusion, and Sustainability

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**RCI-POD #23**

*How Fintech Can Help Achieve a Sustainable and Inclusive Recovery*

20 July 2021 | Virtual





# Fintech has the potential to...

**Enable  
sustainable  
development  
and investment**

**Promote  
financial  
inclusion**

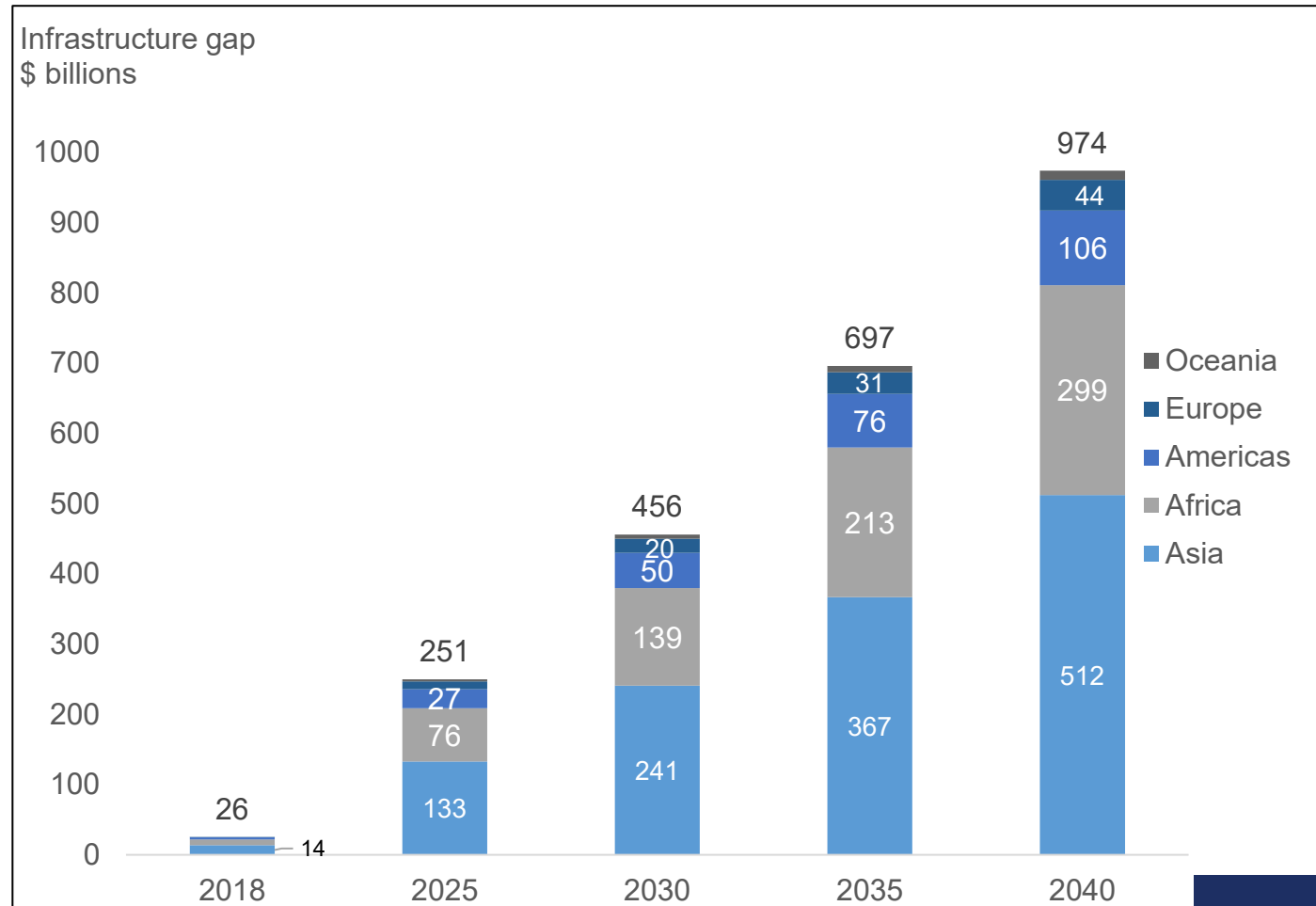
**Strengthen  
financial  
stability**



# (Digital) infrastructure gaps are substantial

- **Infrastructure financing gap in emerging market and developing economies is substantial**
  - *World Bank (2017)*: need to triple current annual infrastructure spending across EMDEs over next decade
  - *ADB (2017)*: Developing Asia's infrastructure financing gap **\$1.7 trillion per year**
  - *IMF (2020)*: Global investment gaps at more than **\$20 trillion over the next 2 decades** (cumulatively)
- *WEF (2018)*: **Digital infrastructure financing gap in Asia expected to reach \$512 billion in 2040**—over half of total investment gap worldwide

**ICT infrastructure gap to reach nearly \$1 trillion by 2040, with biggest divides in Africa and Asia**



Source: World Economic Forum (2018). *Financing a Forward-Looking Internet for All*.

# Fintech to mobilize development finance

Need to channel region's savings to finance development gaps

Innovative fintech solutions can help enhance sustainable investment

- **Blockchain-based project bonds**, leveraging **asset tokenization** and **blockchain technologies**, can help catalyze sustainable (digital) infrastructure financing
- **Peer-to-peer lending** can help fill funding gaps and promote financial inclusion

Net Savings—2019  
Asia: \$423 billion (1.4% of GDP)  
Emerging Asia: \$244 billion (1.1% of GDP)



Image source: Tech in Asia. <https://www.techinasia.com>





# Fintech to promote financial inclusion

## 2021 Asia-Pacific Financial Inclusion Forum: Emerging Priorities in the COVID-19 Era

- 25 May 2021
- Brought together senior government officials from 18 economies as well as nearly 30 policy and industry experts



## Policy Recommendations

### Facilitating recovery and resilience through financial inclusion

1. Support microfinance providers to adopt digital technology
2. Promote the establishment of a safe and inclusive digital ecosystems; while striking the balance between innovation and stability

### Emerging financial inclusion challenges and opportunities in a world disrupted by COVID-19

3. Examine financial inclusion strategies in line with digital transformation frameworks
4. Promote stakeholder cooperation to advance digital inclusion at the base of the economy



# Leverage technology for smarter and better regulations: Regtech and Suptech

*Creating more transparent, tech, and data-driven approaches for supervisors and regulators*

## Rationale

- Growing monitoring and reporting needs of supervisory agencies
- Lack of standardization in reporting data
- Increased complexity of data architecture, greater volume of data
- Need for real-time evaluation of risk



## Benefits

- Enhanced data collection, standardization, and supervision
- Productivity and efficiency gains
- Better regulatory workflows
- Shift to risk-based supervision (vs. data collection)



## Challenges

- Legacy infrastructure and outdated data reporting and collection
- Risk of cyberattacks and operational failures
- Need to balance automation and human supervision





# Thank you very much!

Questions / Comments / Feedback?

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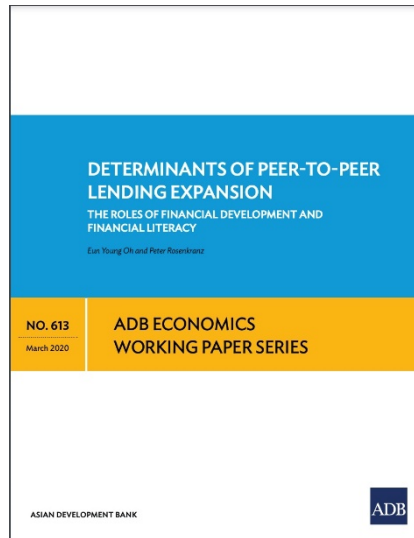
Conference Highlights



ADB-IGF Special Working Paper Series



**ADB Economics Working Paper Series**  
Determinants of Peer-to-Peer Lending Expansion



**Policy Dialogue**  
11<sup>th</sup> Asia-Pacific Financial Inclusion Forum: Emerging Priorities in the COVID-19 Era

11th Asia-Pacific Financial Inclusion Forum: Emerging Priorities in the COVID-19 Era

Event | 25 May 2021  
Online



Agenda

[Click to view](#)

Presentations

[Click to view](#)

Time of event  
12:00-18:30 Tokyo time



**ADB Publication**  
Asian Economic Integration Report 2021



ASIAN DEVELOPMENT BANK



**ADB Publication**  
Harnessing Technology for More Inclusive and Sustainable Finance in Asia and the Pacific

